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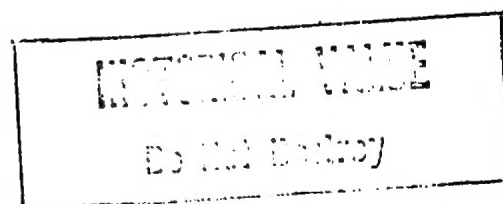
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CURRENT INTELLIGENCE STAFF STUDY

MAO TSE-TUNG AND HISTORICAL MATERIALISM

IV. THE "TRANSITION TO SOCIALISM"  
(Reference Title: POLO XII-61)



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CURRENT INTELLIGENCE STAFF STUDY

MAO TSE-TUNG AND HISTORICAL MATERIALISM

IV. THE "TRANSITION TO SOCIALISM"

This is a working paper, the fourth of a series on Mao Tse-tung as a Marxist philosopher. Another paper, concerned with Mao's treatment of the concept of "contradictions," originally scheduled to precede this paper, will soon follow.

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This paper, like the first three in this series, was written by [ ] the China Division of the Sino-Soviet Bloc Area. Useful comments on the paper have been offered in particular by [ ] China Division and by Philip Jones of the Far East Branch of Analysis Division of ORR. The Sino-Soviet Studies Group would welcome additional comment [ ]

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## SUMMARY

Marx and Lenin originated the dogma that the elimination of the bourgeoisie as a class and the expropriation of their holdings must be carried out during the "socialist" stage of revolution. Lenin was willing to make use of certain Russian capitalists until the Soviet regime was less unstable, but, as it turned out, he expropriated capitalist property violently, and in Stalin's Russia the "transition to socialism" was carried out following the total destruction of the capitalists as a class.

The Chinese Communists claim, in contrast, that Mao Tse-tung has discovered a peaceful method of handling capitalists. The "national" capitalists--i.e., those who remained after the "bureaucratic" capitalists had been "smashed" in 1949--are said to be a part of the advancing "transition to socialism" in China, and it is asserted that such a transition is unprecedented. This claim is in part valid.

Whereas Eastern European leaders after 1948, following Soviet practices, felt obliged to reject the "peaceful transformation" of capitalists, Mao was able to work out the details and put into practice the Marx-Engels-Lenin theory of "buying out" the capitalists during a period of gradual transformation. Although the relatively peaceful socialist transformation of Chinese agriculture in 1955 was a more impressive accomplishment, Chinese Communist claims for Mao center on the transformation of small capitalist enterprises.

What Mao did, in stages, was to transform capitalist industry and commerce into mixed public-private industry and commerce, to transform capitalists into shareholders, and to transfer administration of private enterprises into party and government hands.

The stages of Mao's policy toward capitalist enterprise were reflected in Chinese pronouncements on the progress from "new democracy" to the "transition to socialism." During the period of a moderate line toward the economic activities of small capitalists (1949-52), China was still in the stage of "new democracy." In 1953, after tougher policies had been introduced, the "transition to socialism" was said to be at hand. Indeed, in 1953 it was held that "new democracy" had

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ended and the "socialist" stage begun back in 1949. Mao apparently took this line in order not to be regarded as less advanced than the regimes in Eastern Europe.

Mao's claim that the "socialist" stage was at hand apparently took the Soviets by surprise. As of 1953, Moscow was unwilling to grant that the Chinese had begun the "transition to socialism" even in 1953. During 1954, Moscow gradually and grudgingly acknowledged that the Chinese were "building socialism." At the same time, Soviet theorists insisted that this step must entail the change from "democratic dictatorship" to "dictatorship of the proletariat"--a declaration Peiping was unwilling to make until 1956.

The Chinese Communists claim not only that Mao discovered a new form and method for the "transition to socialism" by peacefully transforming (gradually taking over) capitalist enterprises, but that the capitalists themselves are being transformed. This transformation is effected by intensive indoctrination, which, differing somewhat from Soviet practices, seeks to effect permanent changes, makes extensive use of group pressures, is applied to non-party as well as party people, and is a very prolonged process. The small capitalists are generally not sent to prison or camps for this transformation; they keep working in their businesses.

Even Khrushchev, no admirer of Chinese practices, has paid a backhanded compliment to Mao's innovations in dealing with the capitalists. So has Mikoyan. Soviet spokesmen have been careful, however, to restrict the applicability of these practices to China.

One interesting sidelight on the development of Mao's policy toward capitalists is that Chou En-lai claims some of the credit for it. It is most unusual for anyone but Mao to be "creative."

Mao's doctrines on the "transition to socialism," in particular on the means of "buying out" and "transforming" capitalists, are communicated by the Chinese to other Communists with a missionary zeal. The doctrines are said to be of "universal significance"--for Communists in underdeveloped areas and even in the West. This kind of proselytizing has angered the Soviet leaders, who are now attempting to take the wind from Mao's sails by insisting that Marx and Lenin had been the first to discuss the "buying out" policy and by incorporating the policy into the Draft Program of the 22nd Soviet party congress. The Draft Program does not mention Mao in this connection.

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MAO TSE-TUNG AND HISTORICAL MATERIALISMIV. THE "TRANSITION TO SOCIALISM"

In Chapter V. of State and Revolution (August 1917), Lenin makes a distinction between "socialist" society and Communist society in discussing the "transition from capitalism to Communism." Citing Marx's Critique of the Gotha Program (1875), Lenin says that the "political transition period" of which Marx spoke "must undoubtedly be a special stage or epoch" of transition, and this stage, he says, has been designated by Marx as the "first" phase of Communist society. It is, he continues, "generally called socialism."

"Peaceful Transformation" of Capitalist Enterprises

The view that the elimination of the bourgeoisie as a class and the expropriation of their holdings must be carried out during the first, transitional ("socialist") stage became for Communists a dogma. Marx, Engels and Lenin, however, saw the need for more than one method of expropriating the bourgeoisie and thereby eliminating it as a class. Faced with economic problems in the Soviet state, Lenin was willing to make use of certain capitalists until the Soviet regime was able to establish a degree of economic stability. Lenin later claimed that he was compelled to resort to direct, violent methods of expropriating all capitalist property, as the capitalists had resisted his effort to "gradually and peacefully" transfer their holdings to the Soviet government.

There really never had been for Stalin a "soft" policy toward the capitalists, and his writings concerning them are not marked by any gentle phrases. The bourgeoisie must be "smashed," capitalists, merchants, kulaks, and profiteers must be "eliminated," and the exploiting class must be "liquidated" during the "transition to socialism." Describing in 1925 the New Economic Policy (NEP), Stalin says that it would be an "inevitable phase of the socialist revolution in all countries." Adhering to Lenin's view, Stalin goes on to concede that capitalists will be tolerated, but that is all he concedes:

NEP is a special policy of the proletarian state,  
counting on the toleration of capitalist elements,

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the commanding heights being in the hands of the proletarian state, counting on the growth of the role of the socialist elements to the detriment of the capitalist elements, counting on the victory of socialist elements over capitalist elements, counting on the abolition of classes and the laying of the foundation of a socialist economy. (1)

In the History of the Communist Party of the Soviet Union (B) of 1938, his writers strongly condemn as Bukharinite opposition the theory of the "peaceful growing of the bourgeoisie into socialism...and the fostering and encircling of the bourgeoisie, not destroying it." (2) Thus the "transition to socialism" in the USSR was carried out following the liquidation of the capitalists and the total destruction of them as a class.

The Chinese Communists claim that Mao has discovered a peaceful method for handling capitalists, that the "transition to socialism" in China is advancing with the continued existence of the "national" capitalists, and that such a transition is unprecedented. The claim in large part is valid.

The Chinese are, of course, referring to the only capitalists who were permitted to continue in their businesses after 1949, viz. the entrepreneurs engaged in the production and sale of consumer goods. All other capitalists had been characterized as "bureaucratic-capitalists" and had been expropriated and "smashed" in 1949. They no longer exist as a stratum. The remaining small entrepreneurs are designated the "middle" or "national" bourgeoisie and it is their enterprises which gradually have been transformed.

Because the capitalists (national bourgeoisie) in China are (a) weak, (b) obedient to the CCP and its program, and (c) willing to be transformed, the "transition to socialism" can be a "peaceful" process. Chinese writers contrast this with the history of the transition in the USSR, where the capitalists were "smashed" because they were (a) strong, (b) antagonistic to the CPSU, and (c) unwilling to change their ways.

The contrast between the Soviet and Chinese situations was made in 1956 by theorists Wu Chuan-che among others:

Unlike the violent expropriation of the means of production of the bourgeoisie which was the form



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of struggle adopted in the USSR in the transition period, in China we have adopted peaceful transformation of the capitalists' enterprises during transition....

Regarding the elimination of classes, it can be carried out only by class struggle, as there is no other road. But the form of struggle adopted--armed or peaceful, bloody or bloodless struggle--must be changed according to the objective conditions. (3)

This "peaceful transformation" of the capitalists' enterprises into state-run enterprises has been made possible, Wu says in an earlier article (1955), because Mao had mastered the law of "bloodless change." Wu says that "Because of his profound knowledge of this law, Chairman Mao has adhered to the correct line for the last 30 years of revolutionary struggle, opposing both tailism and adventurism, and thus has led the revolution to a victorious conclusion. He has created the basic conditions for a transition to socialism by peaceful means." (4)

We have suggested above that there is a warrant in Lenin's works for a transition by peaceful means. During the period of the NEP, Lenin spoke of the Soviet government's desire for a gradual transition. In his report delivered at the 7th Moscow Gubernia Party Conference, 29 October 1921, Lenin stated that the Soviet government in 1917 and 1918 "attempted to introduce its economic policy...which was originally calculated to bring about a number of gradual changes, to bring about a more cautious transition to the new system." (5) In discussing the policy of spring 1921, Lenin again referred to gradual, indirect methods: "The political situation in the spring of 1921 revealed to us that retreat to the position of state capitalism, the substitution of 'siege' tactics for 'direct assault' tactics was inevitable on a number of economic questions." (6) But when NEP was brought to an end, so was the existence of the "new bourgeoisie," i.e. the nepmen as a class.

The idea of "peaceful transformation" of capitalists' enterprises in China, therefore, may well have been a concept which Mao took over from Marx, Engels and Lenin. In his Peasant Question in France and Germany of 1894, Engels had stated that "once our party has seized state power, it should immediately expropriate the big landowners and the factory



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owners. Whether this expropriation requires the use of buying out, is a matter primarily to be determined not by us, but by the conditions prevailing when we attain political power, and is even more determined by the actions of the big landowners themselves. We absolutely do not state that ransom is impermissible under all conditions. Marx told me (and how many times!) that in his opinion we would get off cheapest if we could buy out the whole lot of them." (7) Thus Engels had sanctioned a relatively moderate form of expropriation, e.g. buying out rather than violent requisition. Like Marx, he was less revolutionary in his late years.

Lenin goes beyond Engels' position and speaks of using the skills of capitalists in the service of the new state. Thus in Unavoidable Catastrophe and Boundless Promises (May 1917), Lenin says:

As to the individual capitalists, or even the majority of capitalists, not only does the proletariat not intend to "strip" them (as Shulgin has been "scaring" himself and his ilk), not only does it not intend to deprive them of "everything," but, on the contrary, it intends to place them at useful, honorable tasks, subject to the control of the workers themselves. (8)

One year later, in his "Left-Wing" Childishness and Petty Bourgeois Mentality (May 1918), he speaks of "buying off" the capitalists and of a peaceful transition to "socialism:" "Marx was profoundly right when he taught the workers the importance of preserving the organization of large-scale production precisely for the purpose of facilitating the transition to socialism and that (as an exception, and England was then an exception) the idea was conceivable of paying the capitalists well, of buying them off, if the circumstances were such as to compel the capitalists to submit peacefully and to come over to socialism in a cultured and organized fashion, provided they were bought off." "Well, and what about Soviet Russia?.... Is it not clear that certain conditions prevail which correspond to those which might have existed in England half a century ago had a peaceful transition to socialism begun then?" /Lenin's emphasis/ (9)

State capitalism was common to both NEP Russia and the transitional economy of Communist China. Lenin appears to have combined Engels' idea of "buying off" with the concept

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of state capitalism. In his The Tax in Kind of April 1921, Lenin says:

We can and ought to combine the method of ruthless suppression of the uncultured capitalists, who refuse to have anything to do with "state capitalism" or to consider any form of compromise, and who continue by means of profiteering, by bribing the poor peasantry, etc., to hinder the application of the measures taken by the Soviets, with the method of compromise, or "state capitalism," or buying off the cultured capitalists who agree to practice and who are useful to the proletariat as clever and experienced organizers of very large enterprises, which supply commodities to tens of millions of people.  
/Lenin's emphasis/ (10)

The NEP, defined succinctly by Lenin as "capitalism plus socialism" was shortlived. Within several years it was ended and remaining capitalists were expropriated outright. In China, however, the Communists are buying off the "national" capitalists by compensating them with fixed interest and combining this with the gradual takeover ("socialist transformation") of their enterprises.

Some of the Chinese methods of "peaceful" takeover of capitalist enterprises may have been taken over from early NEP experiences and from the considerable experience of the Eastern European satellite regimes from mid-1945 to 1948, but some methods are probably unique--e.g. the nationwide campaigns of "struggle" against the capitalists which intimidated them ("gave them a lesson in political power," as the Chinese Communists put it) but did not entirely liquidate the private capitalist sector of the economy. Moreover, the precise details on how to "buy out" and on the matter of how to use the "national" capitalists in the production effort while permitting them no independent economic activity are probably uniquely Chinese Communist details. For a brief period in 1960, the East Germans were prepared to learn something from the Chinese on the matter of using capitalists. On 13 May 1960, two members of the Berlin Bezirk organization of the National Democratic Party discussed with Chinese embassy officials "a number of questions concerning the incorporation of the members of the middle class /national bourgeoisie/ in the building of socialism in the German Democratic Republic and democratic Berlin." (11) But the

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East Germans retreated from this teacher-pupil relationship with the Chinese, almost certainly as a result of Soviet opposition to it.

Whereas the nepmen--the small capitalists--were "smashed," together with the kulaks in the countryside, in the 1920s following the NEP period and whereas Eastern European satellite leaders felt compelled to reject "peaceful transformation" of capitalists in 1948, Mao was able to move more slowly. He insisted that small capitalist holdings would be taken over one step at a time by "peaceful" means and that "national" capitalists would continue to exist as capitalists, working in their own firms under CCP supervision.

Marx, Engels, and Lenin had set forth a theory of "buying out" the capitalists, of purchasing their means of production. Mao put the theory into practice, working out the policy of gradual "socialist transformation" of the capitalists enterprises. This is his contribution to the doctrine of expropriation of the bourgeoisie.

Actually, the "socialist" transformation of agriculture in 1955 was a more noteworthy accomplishment of Mao's than the transformation of small capitalist enterprises. The 1955 collectivization of hundreds of millions of peasants without large-scale bloodshed stands in stark contrast with Stalin's brutal and chaotic collectivization in the late 1920s. The methods employed by Mao in 1955 in collectivizing the Chinese peasants could well serve as the basis for a claim that the Chinese leader had made an original contribution to Communist doctrine on rural collectivization. But while the Chinese theorists praise the achievement they make no such claim. Their attention has been and is centered on the contribution Mao made in transforming small capitalist enterprises.

Precisely what were the details of the policy worked out by Mao for gradual transformation?

In the first years following the establishment of the PRC in 1949, transformation of the private-capitalist enterprises took the following form: a number of the most simple forms of state capitalism were applied, such as private enterprises working on government orders, the sale of their products to the state, trading on government commission, etc. At the same time, the administration of the enterprises was completely in the hands of the capitalists.

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Beginning in 1952-53, that is, after the end of the reconstruction period, the CCP began to create mixed, public-private enterprises, administered jointly by representatives of the government and private capitalists, but with the government having the deciding role. Actually, there was nothing very "peaceful" about the process. The "Five-Anti" movement of January to June 1952 was used by Mao to take a big step forward in the direction of placing private business more completely under CCP control; this required, in Mao's view, mobilization of the party and the masses for a class war against the bourgeoisie. Even the smallest merchants were forced to exhaust their savings and liquidate all concealed assets under conditions of persecution and terror. There were many suicides, and those who escaped with their lives saved nothing else except a small share in their own businesses. This latter consideration meant that they continued to exist as capitalists, and for this reason the Communists insist that the buying out is a "peaceful" process.

From 1952-53 until 1955, the capitalists were bought out by means of a system of distributing profits according to the principle of "four horses per measure of oats." That is, the capitalists received 25% of the profits of the enterprises. But in 1955, the process of transforming capitalist enterprises into state-capitalist enterprises was intensified. The CCP began to create specialized companies in entire branches of industry and commerce; to which the individual enterprises were subordinate. The administration of the small enterprises went entirely into the hands of the party. The new (1955) situation is described by the Chinese as follows:

After this change-over (to joint state-private operation by whole trades) was realized, the state made the following important provisions which are still current. A fixed rate of interest was paid by the state for the total investment of the capitalists in the joint state-private enterprises. Irrespective of locality and trade, the interest was fixed at a rate of 5 percent per annum. In the meantime, the state declared that this system would not be changed for seven years starting from 1956. This was the continuation of the policy of "buying off" the capitalists after the change-over by whole trades, only the form of payment was changed. The fixed rate of interest took the place of the distribution of profit according to definite

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proportions. In all the joint state-private enterprises, the total investment of the capitalists amounted to about 2,418 million yuan, of which 1,693 million yuan were in industry; 586 million yuan in commercial and catering trades; 102 million yuan in communications and transport; and 36 million yuan in personal services. Under the fixed interest system, the annual outlay from the state treasury was over 120 million yuan. There were 1,140,000 recipients in all." (12)

As a result of the complete transformation of small capitalist enterprises into state-capitalist enterprises in 1956, and the introduction of a new form of "buying out"--in the form of a guaranteed percentage of the capital invested in the mixed enterprises--all private ownership of the means of production was converted into joint enterprises.

Thus Mao showed considerable originality in applying Marx's, Engels', and Lenin's theory of "buying out"--by transforming capitalist industry and commerce into mixed, public-private industry and commerce, transforming capitalists into shareholders, and transferring the administration of private enterprises into party and government hands.

From New Democracy to the "Transition to Socialism"

Before the Chinese Communists seized national power in 1949, Mao had promised that the capitalist sector of the economy would be permitted to develop. As early as 1934, Mao stated in Our Economic Policy that "so long as private enterprises do not transgress the legal limits set by our government, we shall not only refrain from prohibiting them, but shall promote and encourage them." (13) In The Chinese Revolution and the CCP (December 1939), Mao described an important aspect of New Democracy: "Economically, it means nationalization of all big capital and big enterprises of the imperialists, collaborators, and reactionaries, distribution of the land of the landlords among the peasants, and at the same time the general preservation of private capitalist enterprises without the elimination of the rich-peasant economy." /emphasis supplied/ (14) In his report to the 7th Congress of the CCP of April 1945, Mao stated that "The task of the New Democracy we advocate... is to assure the Chinese people the possibility of...freely

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developing a private capitalist economy which, however, must not 'hold in its grasp the livelihood of the people.'"

Following the establishment of the Chinese Communist regime in 1949, Mao reaffirmed his New Democracy view that a private capitalist sector of the national economy should exist alongside a state-owned "socialist" sector. In his report to the party's central committee of 5 June 1950, Mao made it policy that national planning must take into account the interests of "all sections" of the economy and improve relations between state-run and private capitalist enterprises. Ten days later, politburo member Chen Yun stated that "The state allows private capital to conduct commercial activities in order to develop the circulation of commodities.... The People's Government protects the interests of all capitalists who benefit the nation's welfare and the people's livelihood."

Thus in 1950, Mao and his lieutenants in the party continued to stress a moderate line toward the economic activities of small capitalists in China. The "transition to socialism" was not mentioned as an immediate goal. This was still the period of New Democracy which had been discussed by Mao ever since the 1930s. That is, it was still the period which was to precede the start of China's "transition to socialism." "New Democracy," not "socialism," was the term used and most fully discussed by Chinese Communist writers throughout the period from 1940 to 1953.

But in mid-1953, following Stalin's death and as hostilities in Korea were subsiding, the Chinese leaders changed the line. In July 1953, the Chinese began to claim that the "transition to socialism" was at hand in China.

On 10 July 1953, the transition had been made the immediate task in a decision of the All-China Federation of Trade Unions (ACFTU) at a closed session of the union's executive committee. This was indicated by the following statement which appeared in an August issue of the official newspaper of the CCP:

The task of attaining national industrialization and the gradual transition to socialism is now placed before the people of the entire nation. (15)

By October, the phrase "transition to socialism" began to appear with increasing frequency in Chinese published materials and

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on 27 October a full-blown "general line" for the transition was discussed by Li Wei-han, director of the CCP central committee's United Front Work Department. Like Stalin, Mao laid down a general line for building "socialism."

Li Wei-han presented the official formulation of the general line for the "transition to socialism" in the form of a directive from Mao Tse-tung. He quoted Mao's directive in full:

With regard to the general line of the state in the transition, Chairman Mao has given the following directive: "From the founding of the People's Republic of China /PRC/ to the basic conclusion of socialist reform is the period of transition. During this stage of transition, the general line and the general task of the state is the gradual realization, over a relatively long period of time, of the socialist industrialization of the state, and the gradual realization of the socialist transformation by the state of agriculture, handicrafts, and private industry and commerce. This general line is the lighthouse that illuminates our various tasks. Divorced from this general line, we shall commit rightist or leftist mistakes in our various tasks." (16)

Li did not reveal the occasion on which this directive was issued, but in view of the circumstance that the gradual "transition to socialism" was laid down as an immediate mission at the 10 July session of the ACFTU's executive committee, referred to above, it is likely that the formulation of the general line was under active consideration by Mao in summer 1953.

Why was the line on transition gradually introduced in the period from July to October and raised to a nationwide propaganda campaign only in October? A possible answer is that Mao went slow at first. By going slow at first, the Chinese leader and administrators in the party were able to "grope their way" toward the best methods of carrying out the politburo decision on transition and, when these methods were finally determined through trial-and-error, the nation-wide campaign to implement the new policy was launched.

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According to Mao's directive revealed by Li in October 1953, private industry and commerce would now be subjected to "socialist transformation by the state." This statement and the announcement that the "New Democracy" stage had ended and the "socialist" stage simultaneously begun in October 1949 (founding of the PRC), apparently came as a surprise to many people in China.

Starting in late October 1953, as the national campaign for the transition grew in intensity, the notion of the New Democracy economy as one in which the private sector of the economy is allowed to "flourish" unimpeded by central controls was brought under attack and gave way to the line that the private sector gradually was to be crowded out and eventually taken over by the state.

Indicative of this change in line, theorist Yao Peng-chang, in criticizing the heretofore authoritative book in which Meng Hsten-chang had recorded the concept of an expanding private sector, found it a matter of concern that "this book was able to circulate for three years without having been censured." (17) Meng was berated for "not criticizing private capitalism" which inevitably would be displaced from the economy. Capitalism would not be permitted to develop at will, Yao continued, and the leniency toward private business would be qualified. Yao condemned Meng's interpretation of New Democracy in the following manner:

The author's information concerning the leading role of the state-run economy is incorrect. He says that "State-run enterprises in their so-called leading role merely guide, but do not squeeze out; merely are of relative, not preponderant importance; merely pose as hosts, not as monopolists; merely function in coordinating, not in opposing; and merely have the power to help, not to restrain." (A Course on New Democracy Economy, p. 37) These phrases reveal the author's ignorance of the corrupt, backward face of private capitalist economy.... From the viewpoint of the leading role of the state-run economy, for it merely to help is incorrect and to say that it merely shall coordinate is even more erroneous. /Yao's emphasis/ (18)

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The attack suggested that Mao's general line formulation was significantly more radical, more restrictive of private capitalism than his earlier concept of New Democracy in which "socialist" and capitalist economic sectors were to grow side by side. Private enterprise becomes more and more a declining, temporary supplement to the swelling state economic sector.

Mao's statements made ever since 1934 that the small private sector would be protected and permitted to develop suddenly were revealed to be part of a certain kind of promise, viz. a dialectical promise. The early promise of a freely developing small-capitalist economy had been transformed: although the private sector would be "used," it was now to be "restricted and reformed."

That this change was unexpected--that is, that New Democracy was to be replaced by the "transition to socialism"--is also attested to by Chu Kuang-chien, the seemingly bewildered professor of the Western Language Department, Peking University, when he wrote the following:

Upon studying the general line, I heard that the period of transition to socialism actually had begun when the PRC was founded. I also heard that the general line was not suddenly espoused. [!]

It was mentioned by Chairman Mao in On New Democracy and On the People's Democratic Dictatorship and clearly was stipulated in the Common Program. I read these documents again and found that the general line governing the transition from the New Democracy stage to socialism clearly had been outlined. I had read these essays many times in the past, but now I know that I had failed to understand them. I did not grasp the essence of New Democracy and failed to appreciate that it was a period of transition to socialism. (19)

Reading Professor Chu's confession in a manner that does justice to his intelligence and literary ability, one concludes that he was only seemingly bewildered and was in fact writing between the lines. That is, Professor Chu apparently was informing careful readers that he "failed to appreciate" that the New Democracy was a period of "transition to socialism" precisely because the documents he cites are ambiguous on the matter.

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He apparently was also telling his readers that in the 1953 directive, Mao for the first time, and in one stroke, had pushed back to October 1949 the starting date for the transition and the completion date for New Democracy. Professor Chu concluded: "I have come to understand that studying is no easy matter. One might have read an essay a number of times and thought its import had been comprehended. Actually, however, one had not grasped it at all."

The authoritative understanding of the New Democracy society prior to the general line campaign of October 1953 was that it consisted of two stages, the first of which prepared for "socialism," and the second, which made the direct transition to "socialism." This pre-October 1953 concept was attacked by Yao Peng-chang, who would merge these stages and blur them. Yao's assertion that the "New Democracy society is the transitional society" on the road to "socialism"--a point of particular emphasis in general line propaganda--exemplified the new element in the CCP claim of Chinese political and economic progress. It was a claim to the prestige which accrues to a Communist-led state when it proclaims that "building socialism" is the new task at hand.

Mao apparently was reluctant to accept a position for China which placed it in a doctrinally inferior status. That is, according to Soviet theorists, the "democratic," or "New Democracy," stage in Eastern Europe had been completed in late 1947, after which time all Eastern European Communist regimes were acknowledged to be in the second stage, the more advanced stage of "transition to socialism." China, however, was still held to be in the first stage, and this clearly was intended to imply that the Chinese Communist regime was less advanced and revolutionary than the regimes of Eastern Europe. Mao apparently decided, therefore, to move at least abreast of these regimes by proclaiming that the transition was in progress and had been ever since October 1949.

Mao did not begin the transitional campaign until after (a) the national economy had been "rehabilitated" and the first five year plan was being prepared (December 1952), (b) Stalin died (March 1953), and (c) the Korean hostilities had ended (July 1953). The timing of the campaign was probably influenced by all three factors.

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Soviet Reluctance to Accept China as "Building Socialism"

As of October 1953, when the Chinese made clear, through the propaganda on their general line, that they had entered upon the "building of socialism," two key statements constituted the Soviet line on the nature and general tasks of the Chinese state and the developmental stages of a "people's democracy." These were A. Sobolev's October 1951 Bol'shevik article and Ye. Zhukov's November 1951 report to a Soviet conference of orientalists.

Sobolev stated that the first stage of people's democracy was the stage of an agrarian, anti-feudal, anti-imperialist revolution. He then asserted:

The second stage is the stage of the establishment of the dictatorship of the working class in the form of people's democracy and the building of socialism....

As a result of basic political and social-economic transformations, people's democracy in the countries of central and southeast Europe has entered into the second stage of its development--the stage of the dictatorship of the proletariat and the building of socialism....

The PRC is a state of people's democracy in the first stage of its development. People's democracy in China does not yet fulfill the functions of a dictatorship of the proletariat. In the present stage socialist tasks, as immediate tasks, are not being proposed and are not being resolved. This is a matter for the future. Mao Tse-tung has pointed out that only after a flourishing national economy and culture have been established, only after the necessary conditions have been established, will China, in conformity with the will of its people, undertake to solve the tasks of building socialism. (20)

That China was in the first stage, and that this fact marked it and other Asian Communist regimes as less advanced than the Eastern European satellites, is indicated by Zhukov. He says: "The basic distinction between the people's democracies in the

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Orient and the European people's democracies lies in the fact that in the present stage in China, Mongolia, Korea, and Vietnam, people's democracy is solving the national-liberation and anti-feudal tasks of the bourgeois-democratic revolution and does not set for itself as a task to be resolved in the near future, the building of socialism..." (21)

According to the Soviet line, then, China was still in the first stage of a people's democratic revolution, the task of which was to carry out "general democratic" reforms and to establish the prerequisites for the future proclamation of the "transition to socialism."

Soviet propagandists were unprepared for the turn of events in China--Mao's general line claim that the transition was at hand--and were uncertain and confused. They were confused about the way to fit it into the orthodox Soviet theory on the transition from capitalism to "socialism" in general, and the established line on the development of people's democratic revolutions in particular. The Soviet leaders themselves seemed reluctant to accept the transition claim.

The Russian October Revolution slogans, which had been promulgated on 25 October 1953, had sent greetings to the Chinese people "who are struggling for industrialization, economic and cultural advance, and for the strengthening of the people's democratic state." The specification, "socialist," did not appear. Nor did the Pravda editorial of 9 November take into account Mao's characterization of China's new stage. The editorial merely repeated the formulation as given in the October Revolution slogans, while explicitly referring to the building of "socialism" in the European Communist countries:

The great Chinese people are successfully struggling for the industrialization of their country, for the further advance of their economy and culture, and for the all-round strengthening of their people's democratic state.... The European people's democracies are marching forward with confidence. Utilizing the rich Soviet experience, the toilers of Poland, Czechoslovakia, Rumania, Hungary, Bulgaria, and Albania are successfully struggling for the further advance of their national economy and for an increase in the material and cultural level of the life of the people, and for the building of a socialist society. /emphasis supplied/ (22)



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And, Pravda's year-end editorial on 31 December read:

Shoulder to shoulder with the Soviet Union along this path of progress and happiness march the great Chinese people, who have rapidly rebuilt their economy and have raised the banner of struggle for further economic progress and for industrialization, and the European people's democracies, which are confidently building socialism. (23)

The first overt acknowledgement by a Soviet publicist of China's "transition to socialism" came around the middle of January 1954. In the Kommunist review of the fourth volume of Mao Tse-tung's Selected Works (third volume in the Chinese edition), G. Yefimov stated:

The People's Government and the Communist party are planning to bring about, over a relatively prolonged period of time, the socialist industrialization of the country, socialist transformations in agriculture, trade, and other sectors of the national economy. The policy of the People's Government and the CCP is directed, thus, to the gradual transition from the minimum program, the creation of a new democratic state, to the maximum program, the building of a socialist society in China. (24)

The entire statement stands as unique in the January issues of Soviet journals and magazines. There was no Soviet-originated statement in any other Soviet publications in January 1954 that China was "building socialism." On the contrary, the traditional distinction between European satellites and China continued to be made in a number of the January publications.

Thus, in an article on Lenin's revolutionary doctrine in the 17 January issue of Pravda, the following statement appeared:

Marxist-Leninist theory and the colossal historic experience of the Soviet Union are helping the toilers of the European people's democracies to build socialism successfully and are inspiring the great Chinese people in the building of a new life. (25)

In quoting Chinese statements, however, the Soviet writers did not delete Chinese-originated references to the transition.

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Thus in the 14 February 1954 Pravda editorial on the occasion of the fourth anniversary of the Sino-Soviet treaty, the statement was made that "Comrade Mao Tse-tung has characterized the present period in the history of China as a new stage--the stage of socialist transformations." (26)

The testimonials to Sino-Soviet friendship, which commemorated the Sino-Soviet treaty and appeared on Pravda's third page in the form of short articles by various Soviet and Chinese workers, peasants, and artists, also reflected the difference between Russian and Chinese sources in the references to China's stage of development. Whereas the Russians spoke only in terms of China's "building a new life" and being engaged in "building up its heavy industry," the Chinese referred to their building of a "socialist society," or "building socialism."

It was in February 1954 that the second direct acknowledgment of China's entry into the phase of "socialism" appeared from a Soviet source. It came in an article on China by I. Kurdov in the February issue of Kommunist. (27) Now although Kurdov acknowledged the new state of affairs in China, he had not yet caught up completely with the new Chinese line: he had written that the first stage of the Chinese revolution was concluded only after the completion of the anti-imperialist and anti-feudal tasks, which took place, as far as the anti-feudal tasks were concerned, "in subsequent years" after the establishment of the PRC. The Chinese were claiming, however, that the first stage of the revolution was completed, and the second stage initiated, with the founding of the PRC.

The next Soviet-initiated reference to China's new stage came toward the end of April from a variety of sources.

The first was made in the May Day slogans, which were issued on 21 April 1954. Number 6 in the list of the slogans read in part: "Greetings to the Chinese people, who are successfully struggling for the socialist industrialization of the country, for economic and cultural advance, for the further development and strengthening of their people's democratic system." (28) Compared with the above-cited October Revolution slogan on China (1953), it emerges that they are identical except for the significant qualifier "socialist" before the word "industrialization" in the May Day slogan.

Toward the end of April, Kaganovich declared to the Soviet of the Union of the USSR Supreme Soviet that "The ruling circles

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of the imperialist states, especially the US, are following with hatred and anger the successes of Communist construction in the USSR and the successes of socialist construction in the great PRC and in all countries of people's democracy." (29)

Toward the end of April 1954, then, the Soviets began to give general recognition to the claim advanced by the Chinese the preceding October that they were engaged in the building of "socialism," that they were in the period of "transition to socialism." However, until the end of May, there was no discussion by a Soviet theoretician or publicist directed specifically to this new phenomenon, no extended article on the stages of the Chinese revolution in the light of this new development, no echoing of the Chinese claim that the second stage--the stage of "socialism"--had begun in October 1949.

Soviet theorists did insist, however, that with the second stage in any Communist country must appear the change from "democratic dictatorship" of the proletariat and peasantry to "dictatorship of the proletariat." But this, as we have suggested, is precisely what Mao refused to do until 1956. Mao had taken the unorthodox step, therefore, of entering the stage of "transition to socialism" without declaring a proletarian dictatorship. Mao's formula for transition is in this sense different from that prescribed by the Soviets.

The long delay in Soviet recognition of China's "transition to socialism" suggests that Moscow opposed the unorthodox--that is, Chinese Communist--line on transition under a "people's democratic dictatorship." During the entire period of Soviet resistance, Moscow may have attempted to persuade Peiping to declare the proletarian dictatorship. Certainly, Soviet propaganda made it clear that this should be done, as the proletarian dictatorship was held to be necessary for the transition. Peiping's failure to yield and the compromise of 1956, which was required to conceal the Sino-Soviet variance on proletarian dictatorship, can be taken as a measure of Mao's ability even in 1953-54 to undertake a policy of which Moscow did not approve.

By insisting that "peaceful transformation" of capitalists' enterprises differs from that of the Soviet Union and the European people's democracies, the Chinese claim that Mao has arrived at a new form and method for the "transition to socialism." To nations engaged in drawing up plans for "mixed economies" the claim that "socialism" is being built in this "peculiar"

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way in China would keep the Chinese post-revolutionary example of economic behavior at the center of their attention. (30)

"Peaceful Transformation" of Capitalists Themselves

Now the claim for Mao that the Chinese make is not merely that the capitalists' enterprises will be transformed (gradually placed under state control), but that the capitalists will be transformed as men, i.e. they will be mentally changed or remolded. Wu Chuan-che says that "The ideology of the capitalists, who care only for profits, is not absolutely impossible to transform... We can...use the method of education to transform this ideology." (31) The term, "education," actually means intensive indoctrination and, in practice, it is a mild form of brainwashing.

The claim was stated with considerable precision by the writer Shu Wei-kuang in 1955:

In a state where the proletariat has seized political power, under definite social and historical conditions, establishment of the principle that capitalists can be basically transformed under socialist guidance is another brilliant contribution of Comrade Mao Tse-tung to the treasure house of Marxism-Leninism. This theory has never appeared in the classical works of Marxism-Leninism, and no country in the world has ever gone through this kind of experience.

In the USSR and the states of people's democracy in Eastern Europe, violent and forcible methods of expropriation were used to eliminate the bourgeoisie. But, under our concrete conditions in China, the identical goal of eliminating the bourgeoisie can be attained by taking the road of peaceful transformation. (32)

Shu's claim appears to be valid.

As noted above, there is some evidence that the concept of a peaceful transformation of capitalist industry and commerce was seminal in Lenin and, to a lesser degree, Engels. But whereas

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Engels and Lenin gave a warrant for "buying out" the capitalists and Lenin saw that they could be put to work for the Soviet state, they never went as far as Mao. For what Mao wants, and believes he can get, is not just the capitalists' business, their cooperation, and the use of their talents. He wants their souls as well.

Mao believes that capitalists can be mentally changed and will be willing, under "education," to exchange their capitalist soul for that of a wage earner. In his report to the 8th CCP Congress in 1956, Liu Shao-chi expressed this view with considerable confidence:

In the course of bringing about the socialist transformation of capitalist industry and commerce, we have carried out the transformation of enterprises in conjunction with the remolding of individuals. That is, while the enterprises are being transformed, educational measures are adopted to remold the capitalists gradually, enabling them to be transformed from exploiters into working people earning their own living....

It can now be stated with conviction that with the exception of a very few diehards who still attempt to put up resistance, it is possible, in the economic sphere, for the overwhelming majority of the national bourgeoisie to accept socialist transformation and gradually change into real working people. (33)

Liu's confidence is not based on the belief that the capitalists will transform their ideology, their world-view, voluntarily. This is, of course, possible, but experience undoubtedly shows Liu that only few individuals will accept a complete change of their moral, political, and economic outlook except when they are compelled to do so.

When Liu says that the capitalists must be "educated and remolded" into a "socialist" world-view, he is paraphrasing Mao. In 1949 and in 1950, Mao had stated that the capitalists would be educated when the time came. In his report to the party plenum of June 1950, Mao says that "Toward the people, the people's democratic dictatorship...does not use compulsion, but democratic methods, namely: it does not compel them to do this or that, but uses democratic methods in educating and persuading them." (34)

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But both Liu and Mao are using euphemisms, for the line between persuasion (through education) and compulsion (through terror and threats) is a fine one indeed in China. Education of the capitalists has been carried out in conjunction with "struggle" campaigns of various degrees of intensity. As Li Wei-han, director of the CCP's United Front Work Department put it in 1960, "During the past 10 years, we have waged several violent struggles against the national bourgeoisie, while at the same time we have launched massive and regular educational work among them.... They have gradually turned from their passiveness into an active attitude, and they have accepted socialist transformation without too much reluctance." (35)

Li concedes that there are still difficulties, as "human transformation is an unprecedented and great task in the history of mankind.... While transformation on the economic front is relatively easy, the real difficulty lies in the transformation of man, i.e. political and ideological transformation." (36)

The "rightists," of course, are a problem. Regarding non-Communist "rightists" among intellectuals and capitalists, Li speaks of transforming them gradually by means of "criticism, isolation, education, and help." He uses the term, "isolation," again in connection with bourgeois intellectuals in general, and it emerges that he is not referring to physical isolation but rather to the feeling of having been left out: "Intellectuals among the working class have made unprecedented progress and in this situation, some of the bourgeois intellectuals feel they are isolated. I see nothing wrong in this; it is rather desirable." (37) Li's remark that it is "desirable" implies that creation of this feeling of isolation is deliberately fostered by the CCP cadres, whose responsibility it is to "help" transform the capitalists.

The Chinese Communists are clearly aware of the psychological effects of each of their tactics in transforming the minds of the capitalists and bourgeois intellectuals, and Li says that "Basic transformation is a thorough-going process which entails pains and shocks." Transforming the world-view of the capitalists, remolding their thinking through thought reform, is a protracted process. In his On the Correct Handling of Contradictions Among the People (June 1957), Mao predicts that the capitalists "will still need ideological remolding for quite some time" even in the future when they rid themselves of the label "bourgeoisie." (38) Mao recommends a combination of work among wage earners in the enterprises and "study."



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To help them in their "study," the Chinese Communists apparently apply certain aspects of their experiments in brain-washing criminals and political prisoners to more recalcitrant capitalists--they are called "diehards"--many of whom are either too old and/or have too much self-respect to submit easily to the degrading process of thought reform.

The methods used by the Chinese Communists in indoctrinating political prisoners are decisively different in several respects from Soviet methods. These differences are:

1. Unlike the Russians, the Chinese attempt to ensure that the political prisoner will develop a long-lasting change in his attitude and overt behavior, which will be sustained after his release. Nothing less than the establishment of a "new moral code" in the prisoner's mind is a major goal.
2. Unlike the Russians, the Chinese make extensive use of group interaction among prisoners in obtaining information, applying pressures, and carrying out indoctrination.
3. Whereas in the USSR and the satellites in Eastern Europe the ritual of public self-criticism, confession, self-degradation, punishment, and rehabilitation is a party procedure, the Chinese have extended this practice to the non-party population, and have made it an important aspect of their thought reform procedure.
4. In China, the period of detention is greatly prolonged. Whereas in the USSR trial and sentencing take place fairly soon after the completion of the interrogation, in China the preparation of a first confession is only a prelude to a long period of indoctrination and re-education, which may go on for years and is not terminated until the authorities believe that the prisoner has finally adopted a "correct" attitude and behavior.

(39)

Now a small capitalist, unlike a criminal or political offender, is generally not sent to prison to be mentally transformed. His prison is familiar to him: his enterprise.

It appears that Mao has taken over the Soviet practice of requiring a public confession, or "self-criticism," and further developed it with traditional Chinese methods of sustained learning by rote and endless repetition. One Chinese

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writer described protracted learning and self-reform as follows:

Many businessmen call for a change in their status. Certainly a good sign, this is comprehensible to us. It indicates that they realize exploitation is shameful and labor glorious. But to change an exploiter into a real laborer is a matter which requires colossal effort in self-reform. If any capitalist thinks that he can be made into a real laborer simply by acquiring the status of laborer and if he pays no attention to the bourgeois mentality hatched and developed through a long life of exploitation and, therefore, relaxes his effort, his self-reform will be impeded...A change in status cannot be attained simply by waiving his interest income. He must be subjected to a tough course of ideological remolding. For this reason, the problem of changing status can be solved only gradually and individually, according to the actual conditions of each person, the principle of voluntariness, and the possibilities of success. (40)

Capitalists presumably will continue to be capitalists until 1963 or later. The payment of fixed interest to industrialists "will continue until after the second Five-Year Plan," according to Vice Premier Po I-po's statement of 10 December 1956. Thus the Chinese Communists envisage a prolonged period of thought reform for the capitalists, and Li Wei-han says that "We must be patient and meticulous in our work." (41)

Patient and meticulous work has indeed produced in China a type of capitalist never seen before in other countries. And a new type of capitalist in a Communist country is indeed an innovation. Even Khrushchev was compelled to make, however ambiguously, an acknowledgement of the novelty. In a speech  in Moscow on 29 November 1956, Khrushchev praised the "original forms" of revolution in China and then centered his attention on the capitalists in the Chinese delegation. "I am no longer a young man and in the days gone by, I worked in capitalist enterprises. I had occasion to take part in strikes, to be in workers' delegations, and to negotiate with capitalists. But at that time, we did not sit side by side, but were opposed to each other and our interests were irreconcilable."

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There is a definite note of orthodoxy in Khrushchev's last remark. This was his backhanded way of flattering the Chinese. Moreover, he paid tribute to Mao's innovation without praising Mao himself. In 1956, the Soviet leaders felt the need to agree with the cocky Chinese at least to the extent that in China a new approach to the capitalist man had been discovered. But they credited the Chinese party or the Chinese people for the unique approach, not Mao, who was the object of the same kind of personality cult in China which they were trying to discourage in the USSR and the bloc.

Choosing his words carefully, Mikoyan had told the Chinese party congress in September 1956 that "each country has its distinctive features and contributes something specifically its own in effecting the transition to socialism." He stated that the bourgeoisie in China had "found it more convenient not to clash with the people's state, but to work under its control," and that, as compared with the setting of the Russian revolution, there had been in China "new historical conditions, a more favorable situation." This fact explained differences in Soviet and Chinese "experience," and left room for certain innovations.

While conceding that the Chinese view on "peaceful transformation" of small capitalists was something new, Moscow had reserved a special kind of praise for the Chinese Communists. On 23 November 1956, the Pravda editorial applauded the Chinese "who always make it clear that their methods, though perfectly correct in their country, are not necessarily of universal application." The international significance of Chinese innovations was a constant source of concern for the Soviet leaders then as it is today.

The idea that a capitalist could be made to change his stripes, so to speak, appears to have evolved from Mao's works in the late 1930s and 1940s. Mao speaks repeatedly in this period of "preserving" the capitalist economy in China and of sustaining the alliance with the "patriotic capitalists." But it is difficult to determine just when and how the thought occurred to him that the capitalist man could be transformed into the working man.

Chou En-lai claims some of the credit. During a discussion with former premier of France, Edgar Faure, who was visiting China in 1956, Chou recalled his own stay in France between

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1924 and 1927. He had worked there as a student and as a manual worker, in Paris and Rouen. Chou stated:

It was while I was amongst you that I was converted to Communism. I observed, I shared the life of my fellow-workers and I came to the conclusion that it was not possible to transform the wage earners into capitalists, but that it was possible to transform the capitalists into wage earners. (42)

Mr. Faure says that this was a jest on Chou's part, but Chou's statement stands as an explicit and unambiguous assertion of a bit of personal creativity which is very unusual among Chinese leaders other than Mao.

Chou's "jest" appears as a slender reed beside the claims made for Mao regarding transition--claims which proliferated in 1960. According to his eulogists, Mao had shown originality on all aspects of the "transition to socialism." No other Chinese leader is given credit for any of the policies dealing with the construction of "socialism."

As few doctrines in the world today, Mao's doctrines on "buying out" during the "transition to socialism" command a devoted service. The practical way of "buying out" capitalists and of transforming them into wage earners is communicated by the Chinese Communists to other Communists with the passionate zeal of a missionary who sets out to conquer a new world for his creed. In the words of Tao Chu, first secretary of the Kwangtung Provincial Party Committee,

Peaceful transformation of the capitalists' enterprises has now been attained in China. China's experience in this matter is of universal significance. The truth underlying this experience is not limited to colonial and semi-colonial countries. We are aware that with the East Wind prevailing over the West Wind, revolution will triumph in several capitalist countries and the big capitalists will be deprived of their rights. At that time, it is entirely possible for these countries to adopt the guideline of peaceful redemption toward the middle "national" and small capitalists. (43)

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This kind of proselytizing has angered the Soviet leaders, who are now attempting to take the wind from Mao's sails by insisting that Marx and Lenin had been the first to discuss the policy of "buying out" the bourgeoisie. The policy has been incorporated into the Draft Program of the 22nd Soviet party congress as one which had been "foreseen by Marx and Lenin." There is in this connection no mention of Mao.

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2. History of the Communist Party of the Soviet Union (B), Short Course (1938), edited by a commission of the Central Committee of the CPSU (B.), International Publishers, New York, 1939, p. 275.
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4. Wu Chuan-che: "The Basic Class Contradiction During China's Transition to Socialism," Che-hsueh Yen-chiu, No. 1, June 1955.
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6. Lenin: Selected Works, op. cit., p. 286.
7. Marx and Engels: Selected Works in Two Volumes, Volume II, Foreign Languages Publishing House, 1955, p. 438.
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9. Lenin: Selected Works, Volume VII, op. cit., pp. 368-370.
10. Lenin: Selected Works in Two Volumes, Foreign Languages Publishing House, Moscow, 1952, Volume II, Part 2, p. 536.
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14. Mao Tse-tung: Selected Work. Volume III, op. cit., pp. 96-97.
15. Peiping Jen-min Jih-pao, 27 August 1953.
16. "Speech Given at the National Congress of the All-China Federation of Industrial and Commercial Circles," Peiping Jen-min Jih-pao, 10 November 1953. Originally given on 27 October.
17. Yao Peng-chang: "Criticism of A Course on the New Democracy Economy," Shanghai Wen-hui Pao, 7 January 1954.
18. Ibid.
19. Chu Kuang-chien: "I Have a Role in the General Plan of the General Line," Peiping Kuang-ming Jih-pao, 15 January 1954.
20. A. Sobolev: "People's Democracy as a Form of Political Organization of Society," Bol'shevik, No. 19, October 1951.
21. Ye. Zhukov: "On the Character and Peculiarities of People's Democracy in Countries of the Orient," Izvestiya akademii nauk SSSR: seriya istorii i filosofii (News of the Academy of Sciences USSR: History and Philosophy Series), Moscow, Volume IX, No. 1, January-February 1952, p. 80.
22. Pravda, 9 November 1953.
23. Pravda, 31 December 1953.
24. G. Yefimov: "Fourth Volume of the Selected Works of Mao Tse-tung," Kommunist, No. 1, January 1954 (approved for printing on 12 January), p. 120.
25. A. Rumyantsev: "Great Theoretician of Communism," Pravda, 17 January 1954.
26. "Indestructible Soviet-Chinese Friendship--Mighty Factor in Safeguarding the Peace," Pravda, 14 February 1954.

27. I. Kurdov: "Great Power of the Chinese People," Kommunist, No. 3, February 1954.
28. Pravda, 21 April 1954.
29. Pravda, 27 April 1954.
30. Mao's application of the Marx-Engels-Lenin concept of "buying out" the capitalists and taking over their businesses is alleged to constitute a "model" for under-developed countries. In 1956, Wu Chuan-che stated:

The experiences and achievements of China's socialist transformation of capitalist industry and commerce have created the following model: for countries which at one time were semi-feudal and semi-colonial, just as China had been...the model shows how the working class should handle its relations with the national capitalists and, after revolutionary victory, how to eliminate exploitation and complete the transition to socialism. Therefore, China's peaceful transformation of capitalist industry and commerce as a form of class struggle has a very crucial significance. We may say that China's experience in transition regarding elimination of exploitation and of classes certainly has enriched the Marxist-Leninist theory of the transition period.

(Cf. Wu Chuan-che: note 3 above.)

In 1960, the Chinese extended the relevance of their "model" beyond "semi-colonial" countries to include capitalist states. (Cf. Tao Chu: note 42 below.)

31. Wu Chuan-che: "peaceful Transformation of Capitalist Industrial and Commercial Enterprises is a Special Form of Class Struggle," Che-hsueh Yen-chiu, op. cit.
32. Shu Wei-kuang: "The Gradual Leap in China's Transition Period," Che-hsueh Yen-chiu, No. 1, June 1955.
33. Liu Shao-chi: "The Political Report of the Central Committee of the CCP to the 8th National Congress of the

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34. Mao Tse-tung: "Report to the Party Plenum (6 June 1950,) in People's China, Volume II, No. 1, 1 July 1950, p. 25.
35. Li Wei-han: "Study Chairman Mao's Works; Gradually Improve Your World-view," Peiping Jen-min Jih-pao, 25 September 1960. Given originally as a speech on 14 August 1960.
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41. Li Wei-han: "Study Chairman Mao's Works..., " op. cit.
42. Edgar Faure: The Serpent and the Tortoise, New York, St. Martin's Press, 1958, p. 18. Translated by L. F. Edwards.
43. Tao Chu: "Speech to the Political Economy Class of the Kwang-tung Provincial Party Committee (30 March 1960)," in Canton Nan-fang Jih-pao, 13 May 1960. This passage was deleted in the version of Tao's speech published in the Peiping Jen-min Jih-pao, 5 August 1960.